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GLNG[®] signs binding Heads of Agreement for sale of 2 mtpa of LNG

Agreement with PETRONAS underpins first LNG train

GLNG[®] today announced a binding Heads of Agreement to sell 2 million tonnes per annum (mtpa) of liquefied natural gas to PETRONAS with an option for an additional 1mtpa. The Agreement is conditional only upon the GLNG project reaching a final investment decision.

The Agreement covers the sale and delivery of LNG to PETRONAS for a period of 20 years beginning in 2014. The LNG will be utilised in the Malaysian domestic gas market.

The Agreement provides for the firm sale of 2mtpa. Additionally, PETRONAS has undertaken to buy a further 1mtpa on the same terms should GLNG elect to supply. While the commercial terms and price are confidential, they are in line with recent industry practice for long term contracts.

Santos' Chief Executive Officer David Knox signed the Heads of Agreement in Kuala Lumpur today with Datuk Wan Zulkiflee Wan Ariffin, PETRONAS' Vice President of Gas Business.

Mr Knox said the marketing agreement was a very important milestone for the GLNG project.

"We are pleased to announce PETRONAS as the foundation customer for GLNG. Today's Agreement underpins the volumes for the first train of the GLNG project and we remain on schedule for first shipments of LNG in 2014."

"GLNG has once again reaffirmed its leadership in CSG to LNG development with the execution of this binding Agreement," Mr Knox said. "The Agreement further strengthens the Santos – PETRONAS relationship and provides a strong foundation for a final investment decision on GLNG in the first half of 2010.

"The development of the GLNG project will see the creation of thousands of jobs in regional Queensland and bring long-term benefits to the communities in which we are working, from our coal seam gas fields around Roma to the site of the LNG plant in Gladstone."

"Up to 6,000 jobs would be created in the development of the three train LNG plant outlined in the Environmental Impact Statement recently submitted to the Queensland Government."

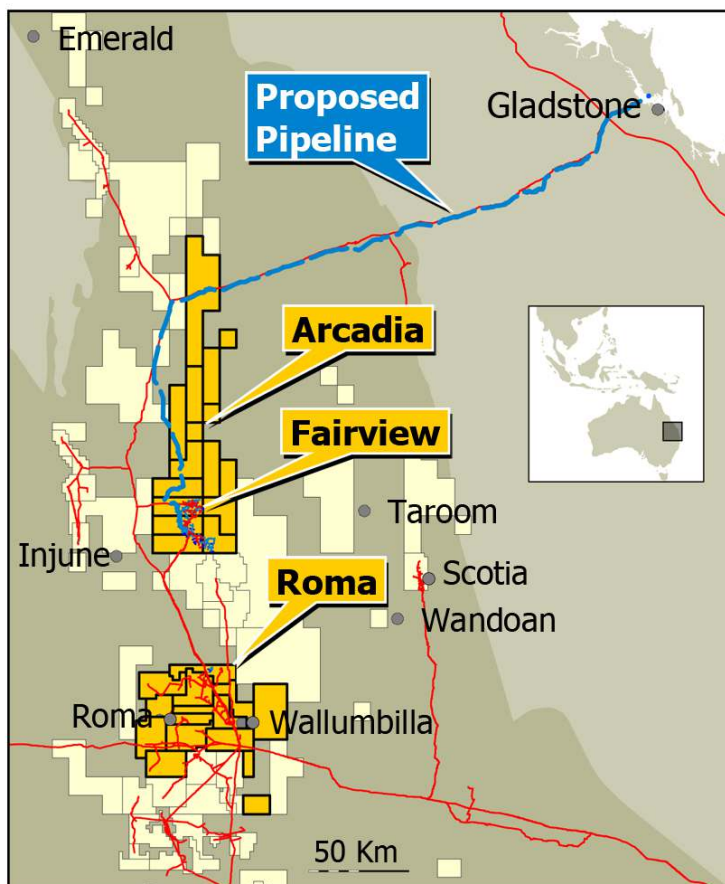
The Environmental Impact Statement is expected to be advertised for public release by the Queensland Coordinator General on Saturday 20 June.

“This is a significant milestone in the environmental assessment process for the project,” Mr Knox said.

About GLNG

GLNG is a multi billion dollar project set to deliver the world’s first major coal seam gas (CSG) to LNG operation. The project involves extracting gas from the Surat and Bowen Basins in Queensland’s south west, and piping it 435km to Gladstone where it will be chilled to minus 161 degrees Celsius and liquefied for transport by ship to overseas markets. PETRONAS, Malaysia’s national oil company and third largest LNG producer in the world, took a 40% interest in GLNG on 29 May 2008. This year GLNG was the first major integrated CSG to LNG project to submit its Environmental Impact Statement. GLNG is a 60/40 joint venture between Santos and PETRONAS.

Map of GLNG Project Area



- GLNG JV acreage
- Other Santos acreage

About Santos

Santos is a major Australian oil and gas exploration and production company with interests and operations in every major Australian petroleum province and in Indonesia, Papua New Guinea, Vietnam, India, Bangladesh, and Kyrgyzstan. Santos is one of Australia's largest domestic gas producers, supplying sales gas to all mainland Australian states and territories, ethane to Sydney, and oil and liquids to domestic and international customers. Through its interest in the Darwin LNG project, Santos is already a producer of liquefied natural gas which is exported to customers in Japan.

More information on Santos may be obtained from www.santos.com

About PETRONAS

PETRONAS, short for Petroliaam Nasional Berhad, is a leading oil and gas multinational based in Kuala Lumpur, Malaysia. PETRONAS is a fully-integrated oil and gas corporation and is ranked among FORTUNE Global 500's largest corporations in the world. PETRONAS has projects and operations in more than 30 countries worldwide, including several strategic businesses in Australia. PETRONAS is the world's third largest producer of LNG, and the largest in Asia.

More information on PETRONAS may be obtained from www.petronas.com.my

Ends

Santos stock symbols: STO (Australian Securities Exchange), STOSY (NASDAQ ADR), Ref #82-34 (Securities Exchange Commission)